25.504-4 Group award basis.

(a) *Example 1*.

OFFERS			
Item	**A**	**B**	**C**
1	DO = $55,000	EL = $56,000	NEL = $50,000
2	NEL = $13,000	EL = $10,000	EL = $13,000
3	NEL = $11,500	DO = $12,000	DO = $10,000
4	NEL = $24,000	EL = $28,000	NEL = $22,000
5	DO = $18,000	NEL = $10,000	DO = $14,000
	$121,500	$116,000	$109,000

Key:

DO	=	Domestic end product
EL	=	Eligible product
NEL	=	Noneligible product

Problem: Offeror C specifies all-or-none award. Assume all offerors are large businesses. The acquisition is not covered by the WTO GPA.

Analysis: (see 25.503)

STEP 1: Evaluate Offers A & B before considering Offer C and determine which offer has the lowest evaluated cost for each line item (the tentative award pattern):

Item 1: Low offer A is domestic; select A.

Item 2: Low offer B is eligible; do not apply factor; select B.

Item 3: Low offer A is noneligible and Offer B is a domestic offer. Apply a 20 percent factor to Offer A. The evaluated price of Offer A is higher than Offer B; select B.

Item 4: Low offer A is noneligible. Since neither offer is a domestic offer, no evaluation factor applies; select A.

Item 5: Low offer B is noneligible; apply a 20 percent factor to Offer B. Offer A is still higher than Offer B; select B.

STEP 2: Evaluate Offer C against the tentative award pattern for Offers A and B:

OFFERS								
Item	**Low Offer**	**Tentative Award Pattern from A and B**			**C**		
1	A	DO	=	$ 55,000	*NEL	=	$60,000
2	B	EL	=	$10,000	EL	=	$13,000
3	B	DO	=	$12,000	DO	=	$10,000
4	A	NEL	=	$24,000	NEL	=	$22,000
5	B	*NEL	=	<u>$12,000</u>	DO	=	<u>$14,000</u>
TOTAL				$113,000			$119,000

*Offer + 20 percent.

On a line item basis, apply a factor to any noneligible offer if the other offer for that line item is domestic.

For Item 1, apply a factor to Offer C because Offer A is domestic and the acquisition was not covered by the WTO GPA. The evaluated price of Offer C, Item 1, becomes $60,000 ($50,000 plus 20 percent). Apply a factor to Offer B, Item 5, because it is a noneligible product and Offer C is domestic. The evaluated price of Offer B is $12,000 ($10,000 plus 20 percent). Evaluate the remaining items without applying a factor.

STEP 3: The tentative unrestricted award pattern from Offers A and B is lower than the evaluated price of Offer C. Award the combination of Offers A and B. Note that if Offer C had not specified all-or-none award, award would be made on Offer C for line items 3 and 4, totaling an award of $32,000.

(b) *Example 2*.

OFFERS									
Item	**A**			**B**			**C**		
1	DO	=	$50,000	EL	=	$50,500	NEL	=	$50,000

OFFERS									
Item	A			B			C		
2	NEL	=	$10,300	NEL	=	$10,000	EL	=	$10,200
3	EL	=	$20,400	EL	=	$21,000	NEL	=	$20,200
4	DO	=	$10,500	DO	=	$10,300	DO	=	$10,400
TOTAL			$91,200			$91,800			$90,800

Problem: The solicitation specifies award on a group basis. Assume the Buy American statute applies and the acquisition cannot be set aside for small business concerns. All offerors are large businesses.

Analysis: (see 25.503(c))

STEP 1: Determine which of the offers are domestic (see 25.503(c)(1)):

	Domestic [percent]	Determination
A	$50,000 (Offer A1) + $10,500 (Offer A4) = $60,500 $60,500/$91,200 (Offer A Total) = 66.3%	Domestic
B	$10,300 (Offer B4) /$91,800 (Offer B Total) $ = 11.2%	Foreign
C	$10,400 (Offer C4) /$90,800 (Offer C Total) = 11.5%	Foreign

STEP 2: Determine whether foreign offers are eligible or noneligible offers (see 25.503(c)(2)):

	Domestic + Eligible [percent]	Determination
A	N/A (Both Domestic)	Domestic
B	$50,500 (Offer B1) + $21,000 (Offer B3) + $10,300 (Offer B4)= $81,800. $81,800 /$91,800 (Offer B Total) = 89.1%	Eligible
C	$10,200 (Offer C2) + $10,400 (Offer C4) = $20,600. $20,600/$90,800 (Offer C Total) = 22.7%	Noneligible

STEP 3: Determine whether to apply an evaluation factor (see 25.503(c)(3)). The low offer (Offer C)

is a foreign offer. There is no eligible offer lower than the domestic offer. Therefore, apply the factor to the low offer. Addition of the 20 percent factor (use 30 percent if Offer A is a small business) to Offer C yields an evaluated price of $108,960 ($90,800 + 20 percent). Award on Offer A (see 25.502(c)(4)(ii)). Note that, if Offer A were greater than Offer B, an evaluation factor would not be applied, and award would be on Offer C (see 25.502(c)(3)).

Parent topic: 25.504 Evaluation examples.